

YEAR NOW AT CLOSE SAW COLLAPSE OF WAR-TIME PRICES THROUGHOUT WORLD

Liquidation in Securities, Depreciation of Foreign Exchanges, Currency Inflation Reviewed.

GOOD YEAR FOR CROPS

Japan First Country to Suffer Crisis — Far East and South America Are Affected.

The year which ends today saw the collapse of a world-wide speculation in securities and currencies which had been superimposed on the war-time level of commodity prices and had been maintained by the liquidation of currency and credit. The year opened with a crash in the stock market, and the liquidation of currency and credit. The year opened with a crash in the stock market, and the liquidation of currency and credit. The year opened with a crash in the stock market, and the liquidation of currency and credit.

Crops of the United States

| | Corn, Bushels | Wheat, Bushels | Oats, Bushels | Barley, Bushels | Rye, Bushels | Cotton, Bales |
|------|---------------|----------------|---------------|-----------------|--------------|---------------|
| 1920 | 2,223,367,000 | 789,878,000 | 1,524,063,000 | 292,054,000 | 69,318,000 | 12,987,000 |
| 1919 | 2,317,450,000 | 984,265,000 | 1,248,310,000 | 165,719,000 | 88,478,000 | 12,443,180 |
| 1918 | 2,582,814,000 | 917,100,000 | 1,588,359,000 | 296,875,000 | 89,103,000 | 11,300,000 |
| 1917 | 3,065,333,000 | 686,655,000 | 1,992,740,000 | 211,789,000 | 62,933,000 | 11,885,000 |
| 1916 | 3,583,241,000 | 639,886,000 | 1,281,992,000 | 180,927,000 | 47,383,000 | 12,727,000 |
| 1915 | 2,994,735,000 | 1,025,801,000 | 1,540,030,000 | 228,351,000 | 54,006,000 | 12,866,000 |
| 1914 | 2,672,804,000 | 991,817,000 | 1,414,060,000 | 194,952,000 | 42,779,000 | 15,138,000 |
| 1913 | 2,446,988,000 | 763,280,000 | 1,121,768,000 | 178,189,000 | 41,331,000 | 14,552,000 |
| 1912 | 3,124,748,000 | 730,267,000 | 1,418,377,000 | 223,824,000 | 35,064,000 | 14,104,000 |
| 1911 | 2,581,488,000 | 621,335,000 | 1,222,298,000 | 180,240,000 | 33,119,000 | 16,101,000 |
| 1910 | 2,896,360,000 | 635,121,000 | 1,186,241,000 | 173,832,000 | 34,897,000 | 12,075,000 |
| 1909 | 2,543,764,000 | 627,321,000 | 1,097,129,000 | 172,221,000 | 29,330,000 | 10,513,000 |
| 1908 | 2,668,011,000 | 664,602,000 | 807,156,000 | 166,756,000 | 21,851,000 | 13,817,000 |
| 1907 | 2,592,330,000 | 634,087,000 | 751,443,000 | 158,318,000 | 31,066,000 | 11,441,000 |
| 1906 | 2,927,416,000 | 735,260,000 | 964,904,522 | 178,918,484 | 33,374,833 | 13,540,000 |
| 1905 | 2,707,992,540 | 692,979,488 | 953,216,497 | 136,651,020 | 28,485,952 | 11,234,000 |
| 1904 | 2,467,460,584 | 552,399,517 | 894,596,562 | 119,749,958 | 27,241,515 | 13,654,000 |
| 1903 | 2,244,376,232 | 627,321,000 | 784,094,189 | 131,801,391 | 29,368,416 | 10,062,000 |
| 1902 | 2,523,648,212 | 670,068,008 | 957,842,712 | 134,954,023 | 33,630,592 | 10,674,000 |
| 1901 | 1,522,519,891 | 748,460,218 | 736,808,724 | 109,933,904 | 30,344,800 | 10,768,000 |
| 1900 | 2,105,102,516 | 522,229,505 | 809,125,989 | 58,925,833 | 23,995,927 | 10,389,000 |
| 1899 | 2,078,143,923 | 547,303,846 | 796,177,713 | 73,381,563 | 23,961,741 | 9,422,000 |
| 1898 | 1,924,184,660 | 675,148,705 | 730,906,643 | 56,792,257 | 25,607,522 | 11,256,000 |

*Excluding lint. For other years figures represent commercial crops.

Bank Clearings in the United States

| | 1920 | 1919 | 1918 | 1917 | 1916 |
|-----------|-------------------|-------------------|-------------------|-------------------|-------------------|
| December | \$35,000,000,000 | \$45,357,544,203 | \$30,810,729,741 | \$26,530,548,755 | \$27,293,700,999 |
| November | 35,005,184,243 | 39,309,929,304 | 28,349,359,287 | 26,814,812,751 | 26,726,597,413 |
| October | 35,787,879,046 | 41,329,995,356 | 32,044,945,921 | 28,584,308,304 | 26,726,597,413 |
| September | 35,991,044,059 | 35,607,338,896 | 26,375,284,533 | 24,029,336,466 | 22,854,901,746 |
| August | 34,563,449,615 | 34,708,905,705 | 28,168,320,021 | 25,093,236,333 | 19,814,023,024 |
| July | 37,485,928,920 | 37,513,314,549 | 28,642,477,427 | 26,665,883,738 | 19,868,114,947 |
| June | 35,355,221,487 | 34,254,611,480 | 27,318,479,871 | 26,736,247,702 | 20,653,997,436 |
| May | 36,689,076,718 | 38,186,378,067 | 28,186,378,067 | 26,318,519,529 | 20,720,039,828 |
| April | 39,584,969,015 | 30,610,755,295 | 26,484,009,355 | 25,013,249,109 | 19,378,942,130 |
| March | 41,340,600,536 | 30,992,846,875 | 26,980,944,351 | 24,794,414,566 | 20,774,242,671 |
| February | 33,226,998,772 | 25,808,147,986 | 22,355,065,757 | 21,630,495,636 | 18,292,704,969 |
| January | 41,599,289,116 | 32,419,909,288 | 26,530,712,415 | 25,621,505,405 | 20,188,687,544 |
| Total | \$445,311,854,575 | \$417,709,796,477 | \$332,350,888,590 | \$306,928,913,482 | \$268,628,672,267 |

†December figures estimated. *Largest on record in history of country.

Continental Exchange

October as the seasonal cotton and wool movements began, despite the argument that depreciated exchange would stimulate imports, our total merchandise imports reached their high of \$259,000,000 in June; then began a marked fall every month to \$27,000,000 for November. Our exports have moved irregularly, reaching a high of \$259,000,000 in March, the highest for any month except June last year, and falling to \$57,000,000 in August, but exports have held remarkably high all year.

(5) Foreign exchange moved erratically at New York during the year, the pound sterling falling to the extraordinary low figure of \$1.18 on Feb. 4, rebounding to \$4.06 3/4 by April 8, and closing the year around \$2.50. The relative steadiness of sterling during the latter part of the year, when many had predicted that the seasonal decline would pull it down sharply, is explained partly by the easing of money, the fact that her imports of cotton have been much lower than ordinary this year, and her trade balance during November was in an unusually strong position for that reason.

(6) The return of the railroads to private control on March 1, following the passage of the transportation act on Feb. 28, was an outstanding event. The railroad labor board on July 20 awarded wage increases amounting over to \$400,000,000 per year, but the commerce commission on July 31 allowed rate advances which were computed to enlarge railroad revenues by \$1,500,000,000. Thus the outlook was more hopeful than in some time; but optimism was tempered by the somewhat disappointing net earnings under the new rates and the prospective falling off in traffic.

(7) The stock market showed violent breaks and widespread demoralization during January and February. A revival of speculation was attempted in March, during which many important issues recovered quickly much of what they had lost in the decline that began in November, 1919. After early spring, however, stocks lost ground heavily, except for a few speculative flurries, and December marked the lowest level of the year and brought prices back to where they were at the start of 1919. Ralls enjoyed a fair recovery during the last half of the year, but suffered with the industrial at the very end.

(8) The trend of bond prices was distinctly downward during the first five months, just as it had been during all of 1919; it then held level until near the end of summer, when it moved upward strongly. Apparently the long depression in bond prices had finally ended. A reaction set in during October, however, and before the end of the year prices had lost a good share of all their early fall recovery. Fourth 4 1/2% liberty bonds, for example, despite their unquestioned security, made their high at 34 early in the year, but then fell to 32, and closed the year near the lower level.

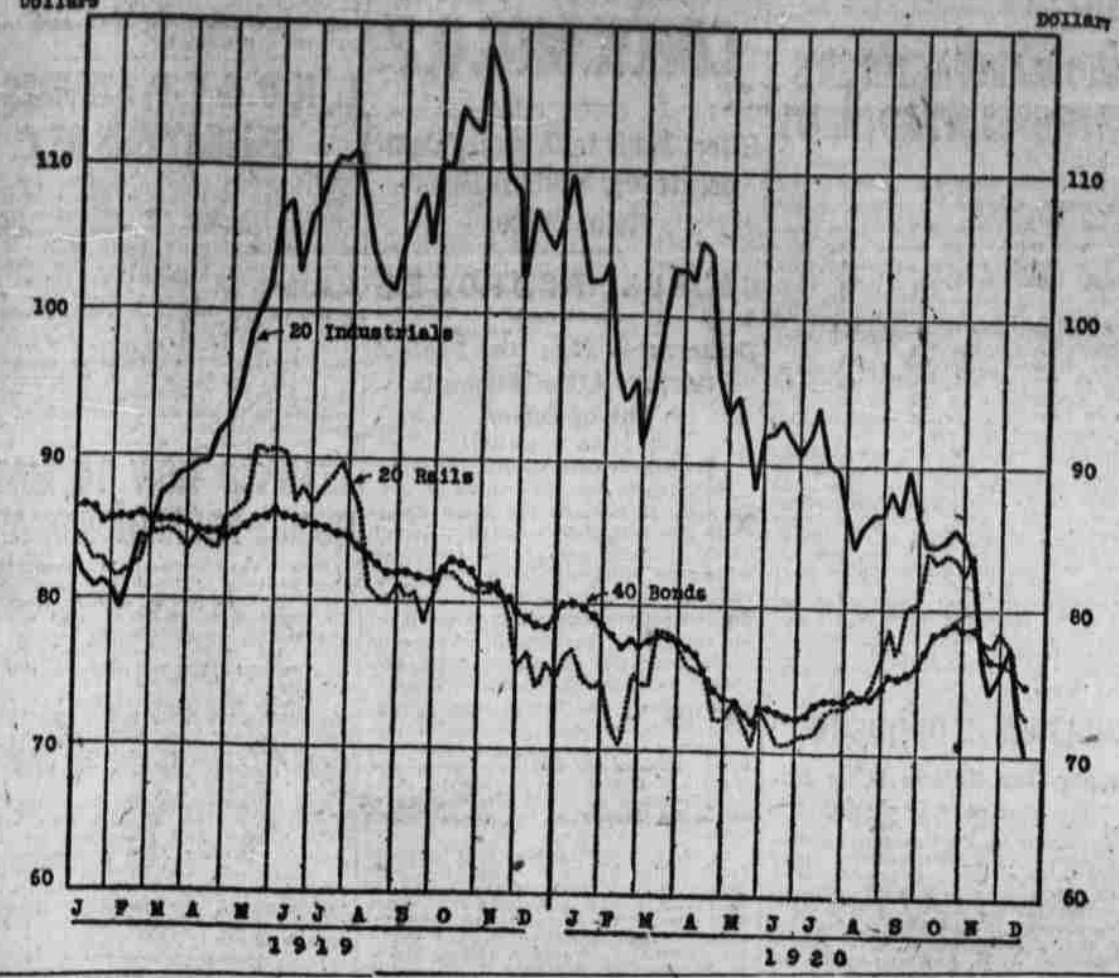
(9) The federal reserve system began the year with its reserve ratio standing at 45%, and closed the year at 43%. These figures represented, however, the high points of the year, and between considerable fluctuations occurred, with the low of 42 1/2% reached on May 14. During the latter part of the summer the reserve ratio fell week by week from 44 1/2% on July 23 to 42 1/2% on Sept. 3, only 2 1/2% per cent. above the minimum of the year. Combined note and deposit liabilities increased between these dates from \$4,500,000,000 to a maximum up to them for the year of \$4,975,000,000. Successive advances in the discount rate were made. The federal reserve bank of New York, which sets the pace for the others, at the very beginning of the year increased its discount rate from 4 1/2% to 6 per cent. and in January this rate was again increased to 7 per cent., and in June to 8 per cent., where it has held ever since.

Federal reserve bank notes in circulation reached their low of the year at \$2,844,000,000 on Jan. 23, while the total reserve stood at \$2,055,000,000. But at the peak of the economy, on Oct. 22, the reserve stood at \$4,365,000,000, and the total reserve stood at \$4,975,000,000. This illustrates again the ability of the system at times when money is most in demand to create it. Interbank borrowings throughout the year were \$275,000,000,000 against \$225,000,000,000 in 1919, when the last big saving argument was \$110,000,000,000.

Jan. 3. By Dec. 18 they had fallen to \$115,000,000,000. By Nov. 19 note circulation got down to \$3,307,000,000,000, although it has been expended since.

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Price of Stocks and Bonds on the New York Exchange



(10) Tightness of money was accentuated during April the world over. About the middle of that month the Bank of England put its minimum up from 3 per cent. to 7; the Bank of France advanced its discount rate from 5 per cent. which had been effective since August, 1914, to 6 per cent.; the Bank of Belgium increased its discount rate from 4 1/2% to 5% per cent., and the Bank of Bombay from 7 to 8. These rates remained in force to the end of the year.

(11) Our gold and silver shipments early in the year maintained a heavy excess of exports, due to large exports to the Far East and Argentina, but we then changed to a heavy excess of imports, and shipments have varied widely. Altogether the first eleven months of 1920 show excess imports of \$67,000,000 of gold against an excess of exports last year of \$238,000,000. Our excess of silver exports for the same period was \$34,000,000, against \$123,000,000 last year.

(12) Silver prices here and in London, in sympathy with the Far Eastern collapse, and despite heavy declines in production, have moved from record high to nearly the pre-war level. Silver at London sold at 252 pence per ounce on Feb. 11 and fell as low as 24 1/2 on Dec. 10, while foreign silver fell as low as 18 pence here on Dec. 10, against the year's high of \$1.37 on Jan. 11.

(13) A movement for lower retail prices began as spring ended and, given strength by a firm halt in purchasing by the public as an unmitigated protest to high prices, grew finally to large proportions.

(14) Strikes among workers, particularly during the first part of the year, checked production; the most noteworthy was the "outlaw" railroad strike.

(15) Government control over wheat and the guarantee of a minimum price closed on June 1, and trading in wheat futures was resumed on July 15.

(16) The 1920 crops, having been planted when prices were high and while growers had hope of heavy demand, ran extraordinarily heavy in the main. Our cotton crop yielded 12,987,000 bales, against 11,400,000 last year. Wheat yielded 789,878,000 bushels, against 984,265,000 last year, but the season's crop was high as compared with 1919, when it reached a record of 1,025,801,000 bushels, easily the highest on record. Oats, barley, rye, potatoes and hay all ran high. Tobacco production reached a record high of 1,084,000,000 pounds, and rice more than doubled its pre-war rate, reaching \$4,000,000 bushels.

(17) Pig iron production fell during the spring, as transportation was tied up, but gained great headway during the latter part of summer and early fall, holding well over the 1919 average throughout the year. Unfilled orders of independents, and even of the steel corporation, fell off heavily during the latter part of the year. By the end of the year independents had scaled virtually all of their prices down to steel corporation, that is, industrial board levels.

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